

CHILD AND ADULT CARE FOOD
PROGRAM

**ELIGIBILITY
GUIDANCE**

For
Center-Based Programs

Arizona Department of Education

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Introduction

This guidance manual provides information for child care and adult day care centers, Head Start Programs and all other organizations participating in the Child and Adult Care Food Program (CACFP) for determining participant eligibility for meals. Use this manual in conjunction with the application instructions, training and other information you have received from the CACFP office at the Arizona Department of Education (ADE). The information in this manual is interpreted from the U.S. Department of Agriculture (USDA) CACFP regulations, *Code of Federal Regulations*, part 226.

Overview

Participating child care and adult day care centers, Head Start Programs and other organizations (collectively referred to as “Sponsors”) are permitted to claim reimbursement for meals served in accordance with the *Code of Federal Regulations*, Part 226, and as explained in this manual.

Prior to obtaining approval to participate in the CACFP, all Sponsors must receive training on free and reduced-price policy and income eligibility determination, as well as all other information necessary to ensure that Sponsors are aware of Federal and State requirements pertaining to the CACFP. Training workshops are held monthly; a schedule is available from the ADE CACFP office. This guidance manual is a supplement to information obtained during CACFP training.

All Sponsors participating in the CACFP must make nutritious meals or snacks available to all eligible enrollees in attendance who wish to participate in the program.

Eligibility Determination

Approved CACFP Sponsors are reimbursed for meals and snacks served in accordance with CACFP guidelines. The reimbursement amount is based on income eligibility information that is collected and maintained for each participant attending the Sponsor's program during a claim month. The eligibility information is used to calculate a monthly *claiming percentage*. The claiming percentage will change from month to month, depending upon the eligibility of participants enrolled during the month.

All Sponsors are required to collect eligibility information for each enrolled participant. There are two exceptions to this requirement. Sponsors approved to operate one or more of the following programs are not required to collect eligibility information in that program:

- Emergency Shelters, and
- At-Risk After School Snack Programs.

If a Sponsor operates an At-Risk After School Snack Program *and* childcare program, they must still collect eligibility information for all participants enrolled in the child care program.

Because the eligibility information is used to determine the amount of reimbursement a Sponsor receives for meals served, there are precise guidelines that must be followed to ensure the accuracy of the eligibility determination.

The procedures used to determine eligibility are presented in the following sections. This manual is provided as a guideline for collecting the required information, determining eligibility and maintaining the records on an on-going basis for all participants in a CACFP Sponsor's program.

Distributing Affidavits and Parent/Participant Letters

Each Sponsor must determine the income eligibility of every participant who attends for any period of time during a claim month. The tool used to make this determination is called an ***Income Affidavit***. The Income Affidavit must be distributed to all parents, guardians or adult participants. On the reverse side of the Income Affidavit is a Letter to Parents or Letter to Adult Participants explaining the purpose of the Affidavit and instructions for its proper completion. Each Sponsor must make enough copies to distribute the Affidavit and Letter to families of every child attending a child care program and to every adult attending an adult day care program. It is important that current forms are used, as the letter contains income eligibility guidelines that are accurate for the current year only.

Collecting Affidavits

A complete Income Affidavit must be collected for each participant attending the program. Participants from the same family may be listed on the same Affidavit.

Information collected on the Income Affidavits must remain confidential and is used by the Sponsor to determine the eligibility of each participant for the CACFP. Upon receipt of the completed Income Affidavits, the Sponsor must classify the participants according to their income eligibility. Affidavits must be collected for all participants who are in attendance during *any part of a claim month*. This means that even if a participant attends the program and does not participate in a meal, the participant must still be classified according to eligibility. The length of attendance is irrelevant. If at any time the participant attended during the claim month, the sponsor must appropriately classify the participant based on the determined eligibility.

A parent, guardian or participant may chose not to complete an Affidavit. However, Sponsors are encouraged to educate parents or guardians on the benefits participation in CACFP provides to the participants and the organization. The information provided on the Affidavits must be treated confidentially and used only for eligibility determination.

In order to ensure that information on the Affidavit is current, an Affidavit is not valid if it is dated more than one (1) month prior to the beginning of the Fiscal Year, or one (1) month prior to the first day of a new Sponsor's participation in CACFP. The Fiscal Year begins October 1 and ends September 30. Completed Income Affidavits are valid until the end of the fiscal year or until there is a change in a participant's household income status.

Approving Affidavits

As Affidavits are initially collected for each participant attending during a claim month, they must be approved and categorized by the Sponsor. When an Affidavit contains all required information, it is considered complete and ready for approval. During the approval process, a Sponsor staff member (known as an “approval official”) must review each Affidavit for completeness, and then determine the eligibility category (**Free**, **Reduced-price** or **Paid**) for which the participant qualifies by using the current USDA Income Guidelines. **The approval official must initial or sign, and date each approved Affidavit.**

Incomplete Affidavits shall not be approved. Approval officials may return an incomplete Affidavit to the household, or contact the household either by phone or in writing. The adult who originally signed the Affidavit should make any changes or additions to the document, and initial the change. If it is not possible for the adult who signed the Affidavit to make the change, then the approval official may make the change, initial and date the change, and indicate in writing why the change or addition was made. By signing the Affidavit, the household member is certifying that the information on the document is true and correct. Therefore, if the Affidavit is missing the signature of the adult household member, the Affidavit **MUST** be returned to the household for signature/completion.

Temporary Approval of Income Affidavits

When a household reports zero income, that is, at the time of completing the Affidavit, the household has no source of income, the Affidavit is temporarily approved as “Free”. This is not the same as an incomplete Affidavit, where a household fails to list the income of family members.

An Affidavit may be temporarily approved as “Free” until the household has a source of income, or for a maximum of 45 days. At or before the end of 45 days, the Sponsor must contact the household to determine if the household circumstances have changed. If the household still reports zero income at that time, the household must provide a reasonable explanation and documentation that accounts for a household’s ability to manage without any source of income. If the Sponsor determines the household is still without income, temporary approval of the Affidavit as “Free” may be extended and follow-up is again required within 45 days.

Exception: Zero income on an application for a foster child or institutionalized participant is acceptable and may be approved for the fiscal year.

Types of Eligibility

Eligibility is determined based on the information provided on the Income Affidavit. A participant may be determined to be eligible based on income or on *categorical eligibility*.

Categorical Eligibility

When participants are qualified to receive benefits through certain state or federal programs, they are considered to have ***categorical eligibility*** for the CACFP and are categorized as “Free” according to USDA Income Guidelines. There are three ways to document categorical eligibility:

1. **Children** in child care or school are categorically eligible for CACFP if they qualify for one more of the following programs and a valid case number* is shown on the Income Affidavit:

- Food stamps
- Food Distribution Program on Indian Reservations (FDPIR); **or**
- Cash Assistance (CA) [also known as Temporary Assistance for Needy Families (TANF)].

Adults in day care are categorically eligible for CACFP if they qualify for one or more of the following programs and a case number* is shown on the Affidavit:

- Food stamps
- Food Distribution Program on Indian Reservations (FDPIR)
- Supplemental Security Income (SSI); **or**
- Medicaid.

***Case numbers:** A valid case number will have 7 digits or less, and may be preceded by zeros for a maximum of 8 digits. The following examples are valid case numbers:

1675432	or	01675432
533351	or	00533351

Social Security numbers or Electronic Benefit Transfer numbers are not acceptable as case numbers.

2. **Direct Certification:** Families qualifying for either food stamps or cash assistance benefits through the Arizona Department of Economic Security automatically qualify for Free meals. CACFP Sponsoring Organizations have limited search ability from the CNP Direct Certification link located on the CNP Web. The link can be accessed by authorized staff only from ADE's website located at www.ade.az.gov by clicking "common logon". Please refer to the Direct Certification Guidance Manual for detailed instructions.
3. **Head Start or Even Start:** If a child is enrolled in the Head Start or Even Start Program and qualified for the Head Start or Even Start program according to Federal Poverty Guidelines, the child is automatically classified as "Free" for CACFP. The Head Start Program director must sign a statement assuring that children listed on the statement are income eligible for the Head Start program. Children who are enrolled in Head Start but do not meet Head Start income eligibility guidelines must be classified according to their income or categorical eligibility. If the Head Start program application includes all CACFP required information, the income listed on the Head Start application may be used to determine the income or categorical eligibility of the children. For more detailed explanation of Head Start Program income eligibility, refer to page 8.

Income Eligibility

If participants are not categorically eligible, then household size and income is reported on the Affidavit and compared to CACFP Income Guidelines to determine the eligibility category. The Income Guidelines are published by USDA and updated annually (pg. 38).

More detailed information on determining eligibility based on household size and income is referred to on pages 15-27.

The Federal Head Start Program

The Federal Head Start Program is administered by the U.S. Department of Health and Human Services. It is a program dedicated to providing comprehensive child development services to low-income children and their families. As part of the enrollment process, applicant families must provide proof of income or other qualifying information. A Head Start employee signs the application or a statement verifying that the proof of income or other qualifying documents have been examined and that the child is eligible to participate in the program. The Federal Head Start Performance Standards require that at least 90 percent of the children who are enrolled in each Head Start Program are income-eligible according to the Federal Poverty Guidelines. Children may also be considered income-eligible for Head Start if they are receiving public assistance or are foster children.

Up to 10 percent of the children enrolled in Head Start may be from families that exceed the low-income guidelines. These children may be enrolled in Head Start according to other qualifying factors such as Certified Special Needs, or may have been issued an over-income waiver at the discretion of the Head Start official. The USDA Income Eligibility Guidelines which are used to determine eligibility for CACFP meal benefits are higher than the Federal Poverty Guidelines. In other words, a family can earn more than the Federal Poverty Guideline limits and still qualify for Free or Reduced-price meal benefits. Therefore, a child who is income-eligible for Head Start is also eligible for Free meal benefits through the CACFP. A child who is enrolled in Head Start by criteria other than income may still qualify for Free or Reduced-price meal benefits, but a determination needs to be made according to the family income.

The Head Start application information may be used in lieu of a CACFP Income Affidavit for determining eligibility for Free or Reduced-price meal benefits provided the application contains the following information:

- ***For children who qualify for Head Start according to Federal poverty Guidelines:***

- Name and birth date of child

- Name of parent or guardian

- Names and ages of all other household members

- Household income

- Social Security number of parent or guardian completing the application. If parent does not have a Social Security Number, the application must so state.

- Signature of parent or guardian completing the application

- Date application was completed and signed.

- ***For children who qualify for Head Start by criteria other than Federal Poverty Guidelines, i.e. Public Assistance, Certified Special Need, Over-Income Waiver:***

Name and birth date of child

Name of parent or guardian

Public Assistance case numbers (if applicable)

Household Income (if child is NOT a Public Assistance Recipient)

Social Security number of parent or guardian completing the application if child is NOT a recipient of Public Assistance. If parent or guardian does not have a social security number, the application must so state.

Signature of parent or guardian completing the application

Date application was completed and signed.

After collection of eligibility information from Head Start applications, a Head Start official must classify all of the enrolled children according to the USDA Income Guidelines (see Categorizing Affidavits and Comparing Attendance, pg. 10). The Head Start official must then sign a statement assuring that the children listed have the necessary documentation to determine their eligibility for CACFP meal benefits.

Head Start is a two-year program. Therefore, the approved application information is valid for two years or until the end of the academic year preceding a child's entrance into kindergarten.

Homeless Participants

The term "homeless" means individuals who lack a fixed, regular, and adequate nighttime residence. The definition includes:

- Children who are sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason; are living in motels, hotels, trailer parks, or camping grounds due to lack of alternative adequate accommodations; are living in emergency or transitional shelters; are abandoned in hospitals; or are awaiting foster care placement;
- Children who have a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings;
- Children who are living in cars, parks, public spaces, abandoned buildings, substandard housing, bus or train stations, or similar settings; and
- Migratory children who qualify as homeless because the children are living in circumstances described above.

When a homeless participant's household does not submit an Affidavit, and it is not anticipated that an Affidavit will be submitted, sponsors may accept documentation that the participant is homeless from the director of the homeless shelter where the children reside, or from the local public school educational liaison if the participant or other household members attends school. Documentation must contain the following information:

- Participant's name or list of names
- Effective date, and
- Signature of shelter director or school educational liaison.

A participant or family may temporarily reside with another household and be designated homeless by the local educational agency liaison. In this case, the household size and income of the host family is not taken into consideration in determining the free meal eligibility for the participant. Additionally, when a host family submits an Affidavit, the host family may include the homeless family as household members if the host family provides financial support to the homeless family. In such cases, the host family must also include any income received by the homeless family. A sponsor must determine eligibility for the host family using the Income Guidelines. However, eligibility for the homeless participant is based on the documentation provided by the local education liaison, even when the homeless participant is included on the host family's Affidavit.

Categorizing Affidavits and Comparing Attendance

Instructions for first claim month of fiscal year (renewing Sponsors), or first claim month after new application approval (new Sponsors)

After all Affidavits are collected and approved, Sponsors then gather the materials listed below to complete the eligibility information on the Reimbursement Claim that is submitted to the ADE.

- All completed and approved Affidavits
- Print out of a CNP Direct Certification match
- Signed statement from Head Start program director (if applicable)
- Signed statement from Emergency Shelter Program Director (if applicable)
- Claiming Percentage Rosters for Free, Reduced-Price and Paid.

These forms tools to simplify the eligibility determination process.

- Attendance records for claim month
- USDA Income Eligibility Guidelines.

Check to ensure that all participants in attendance during the claim month have some form of eligibility documentation. List all participants who qualify for CACFP meal benefits due to categorical eligibility on the “Free” Claiming Percentage Roster. Compare the income information provided on the Income Affidavit or Head Start application with the USDA Income Eligibility Guidelines to determine the applicable category of each participant. Remember that participants who are categorically eligible are automatically categorized as “Free”.

Determine the participant’s category and list on the corresponding Claiming Percentage Roster (Free, Reduced-price or Paid). Listing participant names in alphabetical order is not absolutely required, but is strongly recommended and extremely helpful for keeping records in order. If a participant did not attend at any time during the claim month, do not list them on the roster. If a participant did attend during the collection period, but does not have any eligibility documentation, obtain the documentation immediately, or list the participant on the “Paid” roster.

Once Claiming Percentage Rosters are completed, it is possible to determine the exact number of participants who qualify for CACFP meal benefits and their eligibility category (Free, Reduced-price or Paid). This information is submitted to ADE on the Reimbursement Claim. The information is used to calculate the claiming percentage applied to monthly meal counts to determine the amount of reimbursement the Sponsor receives for meals served during the claim month.

Instructions for all other claim months for all Sponsors

Obtain Income Affidavits for all newly enrolled participants attending during the claim month. Approve Affidavits and determine eligibility. Add new participants' participants' names to the appropriate Claiming Percentage Rosters. For participants who withdrew during the month, note date of withdrawal on the roster. Count only those participants who attended during the claim month and write total from each roster on the Reimbursement Claim.

Records Maintenance

Sponsors must maintain all Affidavits, Claiming Percentage Rosters and other documentation pertaining to the Reimbursement Claim on-site for the duration of the current fiscal year. Documentation must be maintained for a total of five (5) years in accordance with the organization's CACFP Management Plan.

Reminders

Child participants listed on complete Affidavits that include a valid food stamp, FDPIR or CA case number are automatically listed on the "free" roster. Adult participants with a SSI or Medicaid assistance identification number are also automatically listed on the "Free" roster.

Participants listed on complete Affidavits, with a total household income at or below the USDA Income Eligibility Guidelines Free or Reduced-price benefits are listed on the "Free" or "Reduced-price" roster, as appropriate. Participants listed on complete Affidavits, with a total household income in excess of the Reduced-price benefit limits are listed on the "Paid" roster.

Participants listed on Affidavits that are not approved due to missing or incorrect information are listed on the "Paid" roster until missing information is obtained and eligibility is determined.

Participants identified as a match by the CNP Direct Certification are automatically listed on the "Free" roster.

Participants without a complete Affidavit on file are listed on the "Paid" roster.

Participants listed on a signed statement documenting they are enrolled in Head Start and qualified based on the Federal Poverty Guidelines are automatically listed on the “Free” roster. All other Head Start children are listed according to the income and eligibility information documented on the Head Start application or Income Affidavit.

Participants listed on a signed statement documenting they are residing in a homeless shelter or are considered homeless by the local education agency liaison are automatically listed on the “Free” roster.

Completing Affidavits

The parent, guardian or adult program participant must complete the Income Affidavit.

For children *who are Categorically Eligible*, the sponsor must obtain a Direct Certification Letter and maintain on file or have the parent or guardian complete the following sections of the Income Affidavit:

Part 2: Name of participating child(ren)

Food stamp, Cash Assistance (CA, also known as TANF) or FDPIR case number

Age and birth date

Part 5: Adult household member’s information* and signature

Date of signature.

*According to 7CFR 226.23 (e)(1)(v)(F)(iv), the parent or guardian’s social security number need not be provided on the Income Affidavit if a valid case number is provided.

For adult participants *who are Categorically Eligible*, the following sections of the Income Affidavit must be completed:

Part 2: Name of participant(s)

Food stamp, FDPIR, SSI or Medicaid case number

Age and birth date

Part 5: Adult participant or an adult family member’s information and signature

Date of signature

For Foster Children the following sections of the Income Affidavit must be completed:

- Part 4: Name of the participant
 - Age and birth date
 - Income for personal use only
- Part 5: Adult household member's information and signature
 - Date of signature

For all other participants, the following sections of the Income Affidavit must be completed:

- Part 1: Name of participant(s)
 - Age(s) and birth date(s)
- Part 3: Names of all household members except participants listed in Part 1
 - (Exception: If a participant receives income, they should also be listed in Part 3)
 - Amount and source of income for each
- Part 5: Adult household member's information and signature
 - Social security number of the adult who signs the application, or the word "none" if the adult does not have a social security number
 - Date of signature

**All Income Affidavits must be reviewed and approved
by the Sponsor's approval official.**

Income Eligibility Questions and Answers

Question: A school district has been approved under the National School Lunch Program (NSLP) to take Affidavits every other year. This school district would like to use the same Affidavits under its CACFP program. Is it a regulatory requirement that CACFP applications be collected yearly?

Answer: Yes, free and reduced-price Affidavits are only valid until the end of the current fiscal year.

Question: When can a CACFP center use free and reduced-price eligibility information from another source in lieu of collecting income applications?

Answer:

1. School Food Authorities may use eligibility information collected by the school for their other programs, when the CACFP is administered by the same School Food Authority.
2. Direct match information obtained through a search initiated from the CNP Direct Certification. The direct match information must be printed out and maintained on file.
3. Head Start programs may use free and reduced-price eligibility information from the Head Start application following the guidelines provided by the State Agency (refer to pg. 8)

Question: The Head Start Program collects income data when the child enters the Program, but the eligibility covers a two-year period. Based on this system, should a second income collection for CACFP participation be required for the second year?

Answer: No. According to Federal Policy, titled, "Automatic Eligibility for Free Meals for Participants in the Federal Head Start Program", if a child has been found income eligible and is participating in a Federal Head Start Program, he or she remains income eligible through that enrollment year and the immediately succeeding enrollment year.

Question: If a child spends 50% of the time with one parent, and 50% of the time with another parent, which parent should complete the income affidavit?

Answer: Since residential and financial support is 50/50, an application could be completed by the party who claims the child as a dependent for tax purposes.

Determining Income Eligibility

Household Size

Programs must compare the household size and the total household income to the Income Guidelines for the current year. The following guidelines and definitions should be helpful in determining household size.

Household (Family) for a child participant: A group of related or unrelated individuals who are not residents of an institution or boarding house, but who are living as one economic unit. As one economic unit they would share housing and/or significant income and expenses of its members. Generally individuals residing in the same house are one economic unit. However, if more than one economic unit reside together in the same house, they are usually characterized by prorating expenses and having economic independence from one another.

Household for an adult participant: the adult participant and, if residing with the adult participant, the spouse and dependent(s) of the adult participant. In the case of an adult participant residing with and being cared for by his/her non-dependent children, the children are not included in determining household size and income.

Household Size Special Situations

Adopted child: an adopted child is one for whom a household has accepted legal responsibility, and is considered to be a member of the household.

Child attending an institution: a child who attends but does not reside in an institution is considered a member of the household in which he/she resides.

Child away at school: a child who is temporarily away at school (e.g. boarding school or college) should be counted as a member of the household.

Child living with one parent, relative or friends: in cases where no specific welfare agency or court is legally responsible for the child or where the child is living with one parent, other relatives or friends of the family, the child is considered to be a member of the household with whom he/she resides.

Adult participant living with parents: a functionally impaired adult living with parents is considered a household of one, separate from his/her parents for the purpose of determining family size and income.

Children of parents who are foster parents: when foster parents apply for benefits for their own children or parents, they should not include foster children as household members. Additionally, the payments provided for the care of the foster child should be excluded as income to the household.

Family members living apart: family members living apart on a temporary basis are considered household members. Family members living away from the household for an extended period of time are not considered members of the household for purposes of determining eligibility. Any money made available by family members living outside of the household or on their behalf for the household, is included as income to the household.

Foster child: a foster child is a child who is living with a household but who remains the legal responsibility of the welfare agency or court. Such a child is considered a household of one.

Institutionalized family members: an institutionalized spouse or other member of the household away for extended periods, should not be considered a member of the household.

Joint custody: in cases where joint custody has been awarded, the parent claiming that child as a dependent for tax purposes for that year should complete the Affidavit. For parents with sole custody, the sole custodian will complete the Affidavit.

Household Size Questions and Answers

Question: If a family member is away on military duty, should that person be considered to be temporarily living apart from the household or away for an extended time period?

Answer: No. Family members that are living in a separate location due to a military assignment are an example of a temporary arrangement. The family member should continue to be counted as a household member.

Question: A foster child has recently been adopted by his foster family, yet the family still receives some foster care payments. Should the foster child be considered a household of one for purposes of establishing income eligibility?

Answer: No. All household members should be listed on the application, and all income, including foster care payments should be reported.

Question: Which household and what income should be considered when determining program eligibility in a center for a foster child's baby?

Answer: The baby should be included in the foster parent's household unless the foster care agency considers the baby to be part of the foster child's economic unit. When determining the foster parent's income, foster care payments, as always, would be excluded. A foster child's baby would be considered a one-person household only if the baby is legally defined, or considered a foster child.

Household Income

Households must report their current income on the Affidavit. Current income means income received by any member of the household during the month prior to application. If this income is higher or lower than usual, and does not accurately represent the household's actual circumstances, the household may project its annual rate of income based on guidelines identified below.

Income: any money received on a recurring basis, including gross earned income (unless specifically excluded by legislation). Specifically, gross earned income means all money earned before such deductions as income taxes, employee's social security taxes, insurance premiums and bonds. Income includes the household's gross earnings, wages, welfare, pension, alimony and child support payments, unemployment compensation, social security and additional cash received or withdrawn from any other sources, including savings, investments, trust accounts and other resources.

Income that must be reported includes:

Earnings from work: wages, salaries, tips, commissions, net income from self-owned businesses and farms, strike benefits, unemployment compensation, and worker's compensation.

Welfare/child support/alimony: public assistance payments, welfare payments (CA benefits, General Assistance, General Relief, etc.), alimony, and child support payments. Food Stamp benefits should not be reported.

Pensions/retirement/social security: pensions, retirement income, social security, supplemental security income, and veteran's payments.

Family Subsistence Supplemental Allowance (FSSA): these payments are counted as income. This is cash assistance offered to certain low-income families who qualify under the Floyd D. Spence National Defense Authorization Act.

Other income: net rental income, annuities, net royalties, disability benefits, interest, dividend income, cash withdrawn from savings, income from estates, trusts, and/or investments, regular contributions from persons not living in the household, and any other money that may be available to the family.

Income Exclusions

Some income does not have to be reported or counted as income in the determination of a household's eligibility for free and reduced-price benefits.

Income that does not have to be reported includes:

Student financial assistance: provided for the costs of attendance at an educational institution, such as grants and scholarships, awarded to meet educational expenses.

Loans: such as bank loans, since these funds are only temporarily available and must be repaid.

The value of in-kind compensation: such as military on-base housing or any other non-cash benefit.

Occasional earnings: received on an irregular basis and not recurring. Examples include occasional baby-sitting, mowing lawns and tax refunds.

Foster payments: payments received by the welfare agency for the care of the foster child should not be considered income to the household when the foster parents are applying for benefits for their children or parents. Foster payments should be considered income to the foster child's household only.

Cash income or benefits from Federal programs that are excluded by legislation include:

1. the value of assistance to children and their families under the National School Lunch Act, the Child Nutrition Act of 1966, and the Food Stamp Act of 1977;
2. reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
3. any payment to volunteers under title I (VISTA and others) and Title II (RSVP, foster grandparents and others) of the Domestic Volunteer Service Act of 1973 to the extent excluded by that Act;
4. payments to volunteers under section 8(b)(1)(B) of the small Business Act (SCORE and ACE);
5. income derived from certain submarginal land of the U.S. that is held in trust for certain Indian tribes;
6. payments received under the Job Training Partnership Act;
7. income derived from the disposition of funds to the Grand River Band of Ottawa Indians;
8. payments received under the Alaska Native Claims Settlement Act;
9. payments by the Indian Claims Commission to the Confederated Tribes and Bands of the Yakima Indian Nation or the Apache Tribe of the Mescalero Reservation;
10. payments to the Passamaquoddy Tribe and the Penobscot Nation or any of their members received pursuant to the Maine Indian Claims Settlement Act of 1980;

11. student financial assistance received under Title IV of the Higher Opportunity Grant, State Student Incentive Grants, National Direct Student Loan, PLUS, College Work Study, and Byrd Honor Scholarship Programs, to the extent excluded by the Act;
12. housing allowance for military personnel provided under the Military Housing Privatization Initiative
13. Agent Orange Settlement Payments to veterans, that have been excluded under Public Law 101-201;
14. payments received under the Civil Liberties Act of 1988;
15. Child Care Development Block Grant Fund (P.L. 104-193) benefits; and
16. payments made to AmeriCorp volunteers.

Household Income Special Situations

Alimony and child support: any money received by a household in the form of alimony or child support, is considered income by the receiving household. However any money paid out for alimony or child support may not be deducted from a household's reported gross income.

Child's income: the earnings of a child who is a full-time or regular part-time employee must be listed on the application as income. However, occasional earnings such as income from occasional baby-sitting or mowing lawns should not be listed on the application as income.

Garnished wages and bankruptcy: income is the gross income received by a household before deduction. In the case of garnisheed wages and income ordered to be used in a specified manner, the total gross income must be considered regardless of whatever portions are garnisheed or used to pay creditors.

Institutionalized child's income: payments from any source directly received by the institution on a child's behalf are not considered as income to the child. Only the income a child earns from full-time or regular part-time employment and/or personally receives while in residence at the institution is considered as income.

Lump sum payments: lump sum payments or large cash settlements are not counted as income since they are not received on a regular basis. These funds may be provided as compensation for a loss that must be replaced, such as an insurance settlement. When lump sum payments are put into a savings account and the household regularly draws from the account for living expenses, the amount withdrawn is counted as income.

Military benefits: military benefits received in cash, such as housing allowances for military households living off base (except for a housing allowance for military personnel provided under the Military Housing Privatization Initiative), and other cash allowances, must be considered as income. FSSA benefits are considered income. An in-kind benefit, such as on-base housing is not considered income, because income is defined as all cash received on a recurring basis. In-kind benefits are not cash payments and therefore are not considered income.

Groups with Special Income Circumstances

Income for seasonal or migrant workers, and self-employed individuals are allowed to be reported differently than others. It is less likely that these individuals consistently have the same income month to month. Therefore, reporting the previous month's income on the Affidavit may not be the best way to evaluate these households for eligibility.

Seasonal and migrant workers: seasonal workers, migrant workers and others whose income changes from month to month are permitted to project their annual rate of income and report this amount as current income. Because of the fluctuations in income, reporting the previous month's income can often be a distortion of the households' circumstances. If the prior year's income provides an accurate reflection of the household's current annual rate of income, the prior year may be used as a basis for the projected rate of income.

Self-employed income: self-employed persons are to report net income rather than gross income. Net income for self-employment is determined by subtracting business expenses from gross receipts. Self-employed persons may use last year's income as a basis to project their current year's net income, unless their current net income provides a more accurate measure. For households with income from wages and self-employment, each amount must be listed separately.

When there is a business loss, income from wages may not be reduced by the amount of the business loss. If income from self-employment is negative, it should be listed as zero income.

- Gross receipts include the total income from goods sold or services rendered by the business.
- Deductible business expenses include the cost of goods purchased, rent, utilities, depreciation charges, wages and salaries paid, and business taxes (not personal Federal, State or local income taxes).
- Non-deductible business expenses include the value of salable merchandise used by the proprietors of retail businesses.

Income for the self-employed farmer: net income for the self-employed farmer is figured by subtracting the farmer's operating expenses from the gross receipts.

- Gross receipts include the value of all products sold; money received from the rental of farm land, buildings, or equipment to others; and incidental receipts from the sale of items such as wood, sand, or gravel.
- Operating expenses include cost of feed, fertilizer, seed, and other farming supplies, cash wages paid to farm hands, depreciation charges, cash rent, interest on farm mortgages, farm building repairs, and farm taxes (not Federal, State or local income taxes).

Computation of Income

If a household is not applying under food stamp, FDPIR, CA, SSI, or Medicaid benefits, the household must report the amount of gross income. When documenting the total income, the applicant should report the previous month's income, (for example, if the Affidavit is submitted in September, use the income figures from August when applying). On the Affidavit, income must be identified with the individual who received it, and its source.

It is the responsibility of the approval official to compute the household's total current income and compare the total amount to the current year's Income Guidelines.

Households may report income for different time periods (e.g. weekly, monthly, every two weeks). The approval official should convert all reported incomes to the same time period (such as converting all to the monthly amount), and total the incomes to determine total household income. The approval official must then compare this figure and the household size to the Income Guidelines to determine the household's eligibility.

To Convert Incomes
<ul style="list-style-type: none">• if income is received EVERY WEEK, multiply the total gross income by 4.33 to determine the monthly gross income
<ul style="list-style-type: none">• if income is received EVERY TWO WEEKS, multiply the total gross income by 2.15 to determine the monthly gross income
<ul style="list-style-type: none">• if income is received TWICE A MONTH, multiply the total gross income by 2 to determine the monthly gross income

Household Income Questions and Answers

Question: Are Cash Assistance benefits considered income?

Answer: Yes.

Question: Are "per capita" payments received by members of Indian tribes counted as income under the CACFP?

Answer: Yes. Income is any money received on a recurring basis, including gross earned income (unless specifically excluded by regulation). While several exclusions involve payments to members of certain Indian tribes under specific conditions, no income exclusion for "per capita" payments to any tribal members is listed.

Question: If a person is receiving maintenance payments from a former spouse in the form of direct payments to a utility company, is this considered income?

Answer: No. This is an example of an in-kind payment and should not be reported as income.

Question: Are employee deductions such as pre-tax 401K contributions and insurance payments considered part of “gross income”?

Answer: Yes. The base salary before deductions needs to be reported as income.

Question: In determining income eligibility, should a provider report foster care payments received as part of the household income?

Answer: No. These payments are for expenses associated with caring for a foster child. The payments are not considered as income when determining eligibility for CACFP meal benefits.

Question: A family has recently moved to the U.S. from another country, and none of the family members are employed. However, the family does have a substantial bank account. Should the money withdrawn from savings to meet living expenses be reported as income for purposes of CACFP free or reduced-price meal eligibility?

Answer: Yes. Income to be counted in determining free or reduced-price meal eligibility includes cash amounts withdrawn from any source including savings, investments, trust accounts, and other resources, which would be available to pay the price of a meal.

Question: If a foreign college student received grant money from his home country to attend school in the U.S., is this financial assistance also excluded when reporting income on the application for free or reduced-priced meals? If so, is it questionable to see \$0 income reported?

Answer: Income NOT to be reported includes student financial assistance provided for the costs of attendance at an educational institution, such as grants and scholarships, awarded to meet educational expenses and not available to pay for meals. The household is obliged to report any income that may be available to pay for the child(ren)’s meals. This would include any money provided to the student for living expenses.

Question: When completing the application for free and reduced-priced meals, is a household obligated to report the amount of money they routinely withdraw from a bank account to pay for monthly expenses? This would be money that is from a regular paycheck.

Answer: No. Although cash withdrawn from savings is to be reported, this only applies when such savings constitutes monies in addition to what is reported as wages, salaries, tips and other earnings from work. If the cash withdrawn is from a savings account that is replenished with earnings from work, reporting such withdrawals would essentially be reporting the same dollars twice.

Question: If Cash Assistance is provided to a household on behalf of one child, whom the household has legal custody of, does the Cash Assistance count as income to that household?

Answer: Yes. The Cash Assistance should be counted as income to the household, except if the welfare agency has stipulated that the funds be solely used for the care of the one child—as in paying for medical expenses. If there are no stipulations, the money is income to the household. The child receiving Cash Assistance remains categorically eligible for CACFP, but the other children must qualify by household income standards.

Question: If a food stamp eligibility letter indicates an expiration date for food stamp benefits that is earlier than the one year period of CACFP eligibility, should CACFP approval be limited to that date?

Answer: No. The household letter advises the household of their responsibility to notify the center when eligibility for food stamps or Cash Assistance expires or when household income or size changes.

Question: If a school uses direct certification to establish free meal eligibility for students, can an outside-school-hours care center use the same data to establish free meal eligibility for some of its enrolled participants?

Answer: Yes, as long as the outside-school-hour care program and the school are administered by the same entity.

Question: If a family receives military compensation and benefits, are they classified as income?

Answer: Military benefits received in cash, such as housing allowances for military households living off base (except for a housing allowance for military personnel provided under the Military Housing Privatization Initiative), and other cash allowances are considered income. This includes the Family Subsistence Supplemental Allowance (FSSA). Those are cash benefits paid to certain low-income families per the Floyd D. Spence Defense Authorization Act.

Question: Does receiving FSSA benefits automatically classify household in the “free” category?

Answer: No, receipt of FSSA payments does not qualify a participant as “categorically eligible”. The income of the household, including FSSA payments, must be reported.

Question: On line 15a of the 1040, households are required to report IRA roll-over funds even though this money is not available to the household. Should the IRA rollover funds be reported as income for CACFP eligibility purposes?

Answer: No. Only the portion of an individual’s IRA account that is provided as income should be reported as income for CACFP purposes.

Question: When reporting income on the free and reduced-price meal application, should a household report a high school student’s income from a part time job?

Answer: Yes.

Verification of Meal Eligibility

Verification is the review process in which ADE confirms the eligibility for free and reduced-price meals under the CACFP. This review process takes place at least once every four years.

Verification consists of a review of all approved Affidavits on file to ensure that:

- the Affidavit has been correctly completed;
- that the Affidavit has been correctly classified as Free, Reduced-price or Paid; and
- that the Sponsor has accurately reported the number of participants eligible for free, reduced-price and paid meals.

In addition, ADE may conduct further verification of the information provided by the household on the approved Affidavit. However, if a food stamp, CA, FDPIR, SSI or Medicaid case number is provided, verification shall only include confirmation that the participant is included in a currently certified food stamp or FDPIR household or CA unit; or currently certified to receive SSI or Medicaid benefits. ADE may also conduct further verification of the other information required on the Affidavit.

If the review findings show that a Sponsor has inaccurately classified or reported the number of participants eligible for free, reduced-price or paid meals, the sponsor's claiming percentage shall be adjusted for that claim month.

Public (Media) Release

CACFP guidelines require that the public be notified about the program.

New Sponsors must provide a public release to the information media (local newspaper, local cable TV station, radio, etc.) serving the area from which the institution draws its attendance prior to CACFP application approval. **A prototype public release is provided in the application packet.**

For Sponsors annually renewing the CACFP application, a statewide public release is sent out through the ADE Public Information Office to meet this requirement.

The public release for all **child care programs** must include:

- the announcement of the availability of meals at no separate charge;
- the announcement that children who are members of Cash Assistance, food stamp or FDPIR households are automatically eligible to receive free meal benefits;
- the statement that meals are available to all participants without regard to race, color, national origin, sex, age or disability; and
- the current year's Income Guidelines for free and reduced-price meals.

The public release for **adult care centers** must include:

- the announcement that meals are available at no separate charge;
- the announcement that adult participants who are members of food stamp or FDPIR households or who are SSI or Medicaid participants are automatically eligible to receive free meal benefits;
- the statement that meals are available to all participants without regard to race, color, national origin, sex, age or disability; and
- the current year's Income Guidelines for free and reduced-price meals.

Letter to Parents and Letter to Adult Participants

Along with the Affidavit, all programs must distribute a letter to the households of children or adults enrolled in their facility. The purpose of this letter is to inform the households that the CACFP is available, and that their household may be eligible for free or reduced-price meal benefits.

For **all programs**, the letter must contain:

- the reduced-price guidelines, with an explanation that households with incomes at or below the reduced-price limits are eligible for either reduced-price or free meals (the letter must not contain free meal guidelines);
- instructions on how a household may apply for free or reduced-price meals;
- an explanation that an Affidavit cannot be approved unless it contains the complete documentation requirements;
- the statement “In the administration of the CACFP, no person will be discriminated against because of race, color, national origin, sex, age or disability”;
- a statement that dependents of household members who become unemployed may be eligible for free or reduced-price meals during the periods of unemployment, provided that the loss of income causes the family income to be within the eligibility standards for free or reduced-price meals;
- for programs serving children, a foster care statement which states that, in certain cases, foster children may be eligible for free or reduced-price meals regardless of the income of the household in which they reside. The center or sponsor may also wish to include instructions on how to complete the application for a foster child; and
- an explanation that:
 - households receiving free or reduced-price benefits based on income and household size information must notify center officials of any decrease in household size, or any increase in income over \$50 per month or \$600 per year; and
 - households that provide a food stamp, FDPIR or Cash Assistance case number, SSI or Medicaid number in lieu of income information, must notify the center of any termination of benefits for such participants, and may reapply using income information.